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Message Text

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PAGE 01 THE HA 02314 220839 Z

11
ACTION EB-11

INFO OCT-01 ARA-11 EUR-25 EA-11 NEA-10 ADP-00 CAB-09

CIAE-00 COME-00 DODE-00 INR-10 NSAE-00 RSC-01 FAA-00

L-03 H-02 SS-15 NSC-10 PA-03 PRS-01 USIA-12 RSR-01

/136 W
---------- 127444
R 211610 Z MAY 73
FM AMEMBASSY THE HAGUE
TO SECSTATE WASHDC 1345
INFO AMCONSUL CURACAO
AMEMBASSY LONDON
AMEMBASSY MANILA
AMEMBASSY MOSCOW
AMEMBASSY TEHRAN
AMEMBASSY TOKYO

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E. O. 11652: N/ A
TAGS: ETRN
SUBJECT: CIVAIR: FORWARD PLANNING OF KLM

SUMMARY
AMBASSADOR MIDDENDORF AND CIVIL AVIATION OFFICER ATTENDED SMALL FAREWELL LUNCH FOR AMBASSADOR AT KLM HEADQUARTERS LAST WEEK WITH KLM PRESIDENT- DESIGNATE ORLANDINI, DEPUTY PRESIDENT BESANCON, GENERAL AMANGER DE SOET AND FOREIGN RELATIONS DIRECTOR WASSENBERGH. HOSTS ANNOUNCED THEIR PLANS TO BUY $150 MILLION OF U. S. AIRCRAFT, AND ALSO DISCUSSED ROUTE INTERESTS RE U. S. AND CHINA AND OPERATIONS TO U. S. WHICH ARE REPORTED BELOW. END SUMMARY.

1. KLM PLANS PLACE ORDERS THIS FALL FOR FOUR DC-10 S, TWO OF WHICH WILL BE FOR USE OF PHILIPPINE AIRLINES, TO BE DELIVERED IN 18 MONTHS, AND TWO BOEING 747 B' S FOR 12- MONTH
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PAGE 02 THE HA 02314 220839 Z

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

DELIVERY. THESE ARE IN ADDITION TO FIRST ORDER OF SIX DC-10 S, FIVE OF WHICH HAVE BEEN DELIVERED THIS YEAR AND LAST OF WHICH EXPECTED IN FALL.

2. IN DISCUSSION OF AMSTERDAM- CHICAGO OPERATIONS, HOSTS INDICATED LOSSES ARE NO LONGER SERIOUS PROBLEM (BREAKEVEN POINT HAS POSSIBILY BEEN REACHED) AND SERVING MONTREAL ON CHICAGO ROUTE IS NOT AS IMPORTANT AS IT WAS LAST YEAR. THEY STATED KLM' S HIGHEST PRIORITY IN US ROUTE OBJECTIVES IS LOS ANGELES BUT INDICATED NO PLAN TO ASK FOR NEGOTIA- TIONS. WHEN ASKED WHAT THEY COULD OFFER IN EXCHANGE FOR LOS ANGELES, THEY STATED THEY WOULD GIVE UP CURACAO- MIAMI RIGHTS (IT IS ASSUMED THAT THEY MEANT ALM OPERATING RIGHTS SINCE KLM IS EXCLUDED FROM THIS ROUTE UNDER BILATERAL AGREEMENT).

3. HOSTS CONFIRMED THAT THEY DISCONTINUED TRANS- SIBERIAN OPERATIONS WITH LEASED SOVIET AIRCRAFT BECAUSE COST OF OPERATION WAS FAR TOO HIGH--" BREAKEVEN POINT OVER 100 PERCENT LOAD FACTOR". THEY WOULD BE ALLOWED TO OPERATE WITH THEIR OWN AIRCRAFT NOW BUT LACK DC-8 EQUIPMENT WITH NECESSARY RANGE. BOEING 747 HAS RANGE BUT SOVIETS WILL NOT ALLOW WIDEBODIED JETS UNTIL THEY HAVE ONE OF THEIR OWN, WHICH THEY ARE WORKING ON. BESIDES, OPERATIONS ON POLAR ROUTE TO JAPAN ARE PRESENTLY QUITE SATISFACTORY.

4. AS ALTERNATIVE TO TRANS- SIBERIAN ROUTE, THEY STATED THAT AMSTERDAM- TEHERAN- PEKING ROUTE HAS BEEN DISCUSSED WITH CHINESE AND THEY ARE MODERATELY ENCOURAGED AT PROSPECTS. THIS WOULD NOT INCLUDE ANY RIGHTS BEYOND PEKING FOR TIME BEING.

5. KLM REPS GAVE THEIR OPINION THAT CONCORDE SST WILL BE UNECONOMIC IN OPERATION AND THAT U. S. SST WOULD ALSO HAVE BEEN. HOWEVER THEY REGRETTED THAT U. S. PROTOTYPE WAS NOT DEVELOPED, SINCE IT, RATHER THAN CONCORDE, WOULD HAVE PROVIDED BASIS FOR SECOND GENERATION SST IN 1980' S WHICH WOULD HAVE BEEN ECONOMIC.

6. KLM REPS REITERATED THEIR OFT EXPRESSED BELIEF THAT POOLING ARRANGEMENT SHOULD BE WORKED OUT BETWEEN KLM AND

PAA. WE POINTED OUT AGAIN LEGAL AND POLICY PROBLEMS FOR USG. AMBASSADOR NOTED ATMOSPHERE OF LESS ANTAGONISM IN RECENT MONTHS BETWEEN KLM AND PAA, NOT INVOLVING OPERATIONAL OR FINANCIAL ARRANGEMENTS BUT SIMPLY REDUCTION OF OPPOSITION IN DAY- TO- DAY CONTACTS. EXAMPLE OF IMPORVED ATMOSPHERE IS COOPERATION IN ORGANIZING AND SERVING TOUR OF DUTCH TRAVEL WRITERS IN EARLY APRIL TO SOUTHERN U. S. TOUR WAS

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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SUCCESSFUL AND FAVORABLE ARTICLES APPEARED AS RESULT
(WHICH WILL BE REPORTED BY AIRGRAM). AMBASSADOR
EXPRESSED ENCOURAGEMENT FOR CONTINUATION OF COOPERATION
IN LONG- RANGE INTERESTS OF BOTH CARRIERS.
MIDDENDORF

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LONDON
MANILA
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